

Washington Report

Oil Dependency Hampers War on Terrorism

At the request of Congressman Tom Lantos, U.S. Secretary of Energy Spencer Abraham recently testified before the Committee on International Relations at a hearing entitled "Facts and Myths Behind Foreign Oil Dependency." Congressman Lantos was harsh in his criticism of the Administration's energy policy, which has done little to break our nation's heavy reliance on foreign oil. This is fouling our environment and hampering our fight against terrorism. The following are excerpts of his statement at the hearing:

Mr. Chairman, until today, we have not examined how our reliance on Middle Eastern oil handicaps our ability to combat international terrorism. Our dwindling oil reserves provide less than half of the oil our economy requires.

This leaves us heavily dependent on the Middle Eastern regimes that control the vast majority of the world's known oil reserves. This leads to the distressing result that U.S. foreign policy in the Middle East is often held hostage to oil interests.

Many of these regimes are either actively hostile toward the U.S. – such as Iran, Iraq and Libya. Others are unsteady autocratic regimes beholden to Islamic fundamentalists – like Saudi Arabia and the Gulf States. Not surprisingly, many of these same regimes funnel oil revenues into support for global terrorist organizations.

The Saudi royal family, for example, pumps millions of dollars into radical religious schools and mosques across the Middle East that spread the puritanical teachings of the Wahhabi sect of Islam. These schools preach hate toward America. Many of these schools trained the very Al-Qaeda terrorists that struck America on September 11.

The title of today's hearing is "the Facts and Myths Behind Foreign Oil Dependency." **The fact** is that we will remain beholden to these Middle Eastern oil suppliers until we scale back America's addiction to oil. **The myth** is that we can drill our way out of dependency.

The Administration's energy plan stresses decreasing our dependence on foreign oil. Underlying the logic of the plan's supply side approach is the fantasy that we can significantly reduce our reliance on imported oil simply by bringing more domestic production online.

But simply saying that increased domestic drilling will reduce our dependence on foreign oil doesn't make it so. According to the Department of Energy's own analysis, domestic oil production is locked in a steep and steady decline as the easily accessible sources of American oil have already been tapped.

The Department of Energy estimates that Saudi Arabia, the other Gulf States, Iran and Iraq together hold 65 percent of the world's proven oil reserves, while the American share amounts to no more than 3 percent.

America's love affair with old technology gas-guzzling automobiles is the main reason we are becoming more and more dependent on Persian Gulf oil. The 217 million cars, busses and trucks on America's roads consume 67 percent of the oil we use.

The Administration's energy plan lacks a

step-by-step program with firm timetables to utilize currently available technologies to make our gas-guzzling vehicles less dependent on oil. It also lacks a National Renewable Portfolio Standard to speed the replacement of fossil fuel with renewable energy sources. And the plan lacks effective initiatives to conserve power use in homes and businesses. These shortcomings in the Administration's energy plan will guarantee our increased dependence on the regimes that bankroll terrorism.



Congressman Tom Lantos meets with Hosni Mubarak, President of Egypt, on his recent visit to the United States. They discussed cooperation in the war against terrorism. (Photo courtesy of the Embassy of Egypt.)

Corporate Fraud Hurts Everyone

In recent weeks, an avalanche of financial and accounting scandals have rocked corporate America and shaken many Americans' confidence in big business. It is now clear that the Enron bankruptcy earlier this year was not an isolated incident, but fit a pattern of corporate fraud and abuse that has robbed employees, shareholders and pensioners of billions of dollars. WorldCom, Merck, Qwest, Rite Aid and other corporate giants have all confessed to unsound accounting practices. Just as a rising economic tide lifts all boats, the tidal wave of corporate scandals threatens to sink the fortunes of all Americans in an economic recession.

Resolving this crisis and restoring confidence in our economy calls for bold, decisive leadership. As this crisis was being exposed, President Bush delivered a speech on Wall Street condemning the abuses, calling for more corporate responsibility, and pledging a crackdown on fraud. Investors reacted warily to the speech, sending the stock market to new lows. Furthermore, serious questions were raised about the actions of the President, the Vice President, and key administration officials during their employment as high-level corporate officials.

That is why Tom Lantos has embraced the Investors' and Employers' Bill of Rights proposed by Democratic leaders in Congress. This plan focuses on Main Street – not Wall Street – by outlining measures needed to restore working families' confidence in the businesses for which they work, in which they invest, and from which they receive their hard-earned pensions.

Specifically, the Investors' and Employers' Bill of Rights would impose tough criminal penalties for securities fraud, including creating a 10-year felony for defrauding shareholders of publicly-traded companies. In order to protect those who provide information to law enforcement officials, the legislation would protect "whistle blowers" who assist criminal investigators and federal regulators in detecting and stopping corporate fraud.

The legislation would also end corporate tax havens that enable American companies to reincorporate in Bermuda to reduce their corporate taxes while continuing to benefit from doing business in America. Furthermore, corporate executives would be required to pay their fair share of capital gains on stock options when their company

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Seniors Deserve Prescription Drug Benefit

Seniors have waited long enough for a prescription drug benefit. Addressing this pressing issue, Congressman Tom Lantos said, “Rising prescription drug prices – which Medicare does not currently cover – have forced the elderly and the disabled to forgo heat, food or other essentials to purchase the critical medications they need. No one should have to make such painful, inhumane choices.”

Recently, the House of Representatives approved a prescription drug benefit proposal that falls far short of seniors’ urgent needs. The GOP plan would cover only 19% of Medicare beneficiaries’ current spending on prescription drugs – and nearly half of seniors on Medicare would receive no coverage at all for much of the year once the benefit runs out. These premiums are not capped, guaranteed or affordable under the Republican bill.

Congressman Lantos believes that we can and must do better by our seniors. At the very least, Congress has a responsibility to provide a prescription drug benefit no less generous than what Members of Congress and other federal employees receive.

Tom Lantos is committed to providing a comprehensive benefit that is affordable and dependable for all beneficiaries with no gaps or gimmicks in coverage. This proposal would provide voluntary prescription drug coverage for all Medicare beneficiaries. Under the plan, seniors would pay a



Congressman Tom Lantos meets with constituents in San Mateo and San Francisco at recent town meetings held to discuss current issues before the Congress. (Photo by Mike Harding.)

premium of only \$25 a month, a deductible of only \$100 a year, and co-insurance of only 20%. The maximum out-of-pocket cost to beneficiaries could not exceed \$2,000 per year, and there would never be an interruption in coverage. And Medicare beneficiaries with income up to 150% of the poverty line would pay absolutely no premium or cost sharing.

But even with a prescription drug benefit, seniors want the assurance that they will not be overcharged. Reducing the price of

drugs requires that the Medicare program have maximum negotiating leverage with pharmaceutical companies. The plan supported by Tom Lantos would give the Secretary of Health and Human Services the authority to use the collective bargaining power of Medicare’s 40 million beneficiaries to secure affordable drug prices for seniors. We must not continue contributing to astronomical profits for pharmaceutical companies.

NO to Social Security “Privatization”

For nearly 70 years, seniors have counted on Social Security for income security in their golden years. Young families have relied on disability or survivors’ benefits to help pay the rent or make it through college. Social Security says a lot about who we are and what we stand for as a nation. By providing seniors with guaranteed retirement income for life and protecting young families who lose a breadwinner to disability or death, Social Security shows that Americans care for one another.

Currently Social Security faces a serious threat to its purpose and future health – the Administration proposals to “privatize” the program. Congressman Tom Lantos strongly opposes these ill-conceived plans: “While privatizing may sound like a good idea at first blush, the more you learn about it, the worse it sounds. It would cut benefits for current and future retirees. In the end, it just doesn’t make economic sense.” The recent stock market turbulence in the wake of numerous corporate accounting scandals highlights the dangers involved in betting our retirement on the performance of corporate America.

The advocates of privatization want us to believe that Social Security is on its deathbed and that radical surgery is necessary. That simply is not true. According to the Social Security trustees, new economic and demographic projections show that Social Security can pay full benefits until 2041. Furthermore, projections over the last

several years have shown an improving picture of Social Security’s financial health.

Tom Lantos agrees with a recent piece in the *New York Times* which identifies the critical problem with the President’s plans to privatize Social Security: “Sure enough, the plans laid out by [President] Bush’s Commission to Strengthen Social Security, though presented as confusingly as possible, involve both severe benefit cuts and huge ‘magic asterisks’ – infusions of trillions of dollars from an undisclosed location.”

Social Security serves as the bedrock of a secure retirement. It is unshaken by the ups and downs of the stock market or the timing of one’s retirement, like a privatized system would be. Social Security is immune to the mounting string of corporate scandals. It pays benefits whether or not corporations are paying dividends.

“The bottom line is that Social Security is designed so that America’s seniors will be protected at the end of the road,” said Congressman Lantos. “It ensures that seniors will not suffer like Enron employees who watched the value of their stock accounts plummet and their dreams of a secure retirement vanish along with it.”

Of course, Americans should be encouraged to save more. 401(k) plans and personal savings have an important role to play in income security. But it is critical that we keep a portion of retirement income guaranteed. Social Security is that guarantee.

Congressman Lantos, who strongly opposes the Administration’s privatization schemes, said: “Social Security has worked for over sixty years, and it says something profound about our nation’s priorities. Privatization puts this all at risk. We should work together to defend, protect, and improve Social Security. But we should oppose those who would fundamentally alter it, break it, or sell it off to Wall Street.”

Corporate Fraud Hurts Everyone

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reincorporates overseas, just like everyday investors do.

Fairness is one of the major objectives of this legislation. It would limit “golden parachutes” for corporate executives who cash-in when their companies fail, and it would restore pension fairness between workers and management by establishing a minimum benefit for those employees participating in a top-heavy pension plan.

The government’s ability to fight corporate corruption would be strengthened by provisions requiring companies to fully, promptly and honestly disclose financial data that affects investors’ decisions to buy and sell shares, strengthening the Securities and Exchange Commission by doubling the agency’s funding and staff, and establishing an independent public auditing regulatory board to prevent self-policing of the accounting profession.

Federal Funds Provide Boost to Area

In the last fiscal year, over \$9.5 billion in federal government funds have come to San Mateo County and San Francisco, according to figures provided by the U.S. Bureau of the Census. (See table below.) These funds are important to the quality of life in our area, and they reflect the dynamic role which the federal government continues to play in the economic and social vitality of San Francisco and the Peninsula.

The largest amount of federal funds coming into our area – over \$2.7 billion – is for retirement and disability payments to individuals, including Social Security payments for senior citizens, as well as pensions for individuals who have served in our nation’s armed forces and those who have worked for the federal government. Also included are payments to individuals who suffer from work-related disabilities covered by the Social Security program. An additional \$1.9 billion comes into our area in the form of direct payments to individuals for such services as Medicare and unemployment insurance.

Federal government purchases of services and products from businesses in San Mateo County and San Francisco totaled \$1 billion, providing an important boost to our local economy.

Wages and salaries of federal government employees who work in these two counties, but who serve not only the Bay Area but the entire West Coast, bring an additional \$1.4 billion into our region.

Federal government programs make an important contribution to the quality of life in our area. Children and young people benefit significantly from federal funding for education. The federal government provides funds for special education programs in our grade schools and high schools, assistance for students attending colleges and universities in our area, and funding for important research done at our institutions of higher education.

Other federal funds coming into these two counties have supported medical research at the Medical Center of the University of California at San Francisco; soundproofing of homes, schools, and public buildings in areas impacted by noise from the San Francisco International Airport; funding for additional police officers in San Francisco and communities up

and down the Peninsula; and countless other projects that have improved our quality of life.

These figures include all of San Mateo County and all of the City of San Francisco, an area that extends beyond the 12th Congressional District, which Congressman Tom Lantos represents. The 12th district includes northern and central San Mateo County and south-western San Francisco.

This two-county area also includes all of the 8th and part of the 14th congressional districts. The 8th district, which covers northern and eastern San Francisco, is represented by Congresswoman Nancy Pelosi. The 14th district, which includes southern San Mateo County as well as northern Santa Clara County, is represented by Congresswoman Anna Eshoo.

Federal Funds Helping San Mateo County and San Francisco	
	Fiscal Year 2001
Social Security, other retirement and disability payments to individuals	\$2.769 billion
Other direct payments (Medicare, unemployment insurance, food stamps)	\$1.950 billion
Federal government purchases from local businesses	\$1.043 billion
Federal payroll in San Mateo County and San Francisco	\$1.355 billion
Grants to local governments (transportation, Medicaid, etc)	\$2.394 billion
Total Federal Expenditures	\$9.511 billion

Improving Our Quality of Life

Tom Lantos has taken action in Congress to reduce water and noise pollution and improve the quality of life in our area. These are just some of the recent actions that have been taken.

Oil Slick Clean Up – Tom Lantos secured a \$3.5 million grant by the U.S. Coast Guard to conduct an underwater assessment and then to remove and dispose of oil from a ship that sank many years ago off the coast of San Francisco. The ship – the SS Luckenbach – sank in 1963 in 80 feet of water some 11 miles off the coast, and the Coast Guard recently identified this vessel as a continuing source of oil pollution to the navigable waters of the United States. “I am delighted that the Coast Guard has identified one of the sources of coastal oil pollution in our area and is now taking steps to deal with it by pumping oil from a sunken ship. This important step will protect the coast and beaches in San Mateo County, San Francisco, and Marin County,” said Tom Lantos.

SFO Soundproofing – Tom Lantos succeeded in securing a \$1.6 million award from the U.S. Department of Transportation for soundproofing public buildings in San Mateo County communities impacted by noise from the San Francisco International Airport. Soundproofing will be available for buildings in which noise exceeds 65 decibels. “This additional soundproofing will provide an important improvement in our quality of life in the Bay Area. The Airport is critical to the

economy of the Peninsula, but it is important that federal funds help mitigate negative impacts upon those who live near the airport,” Tom Lantos said.

New Brisbane Wastewater Pumping Station – On behalf of the City of Brisbane, Tom Lantos made the case on Capitol Hill for replacing the deteriorating Valley Drive Pump Station, which has been in operation over forty years and which is no longer capable of handling current wastewater flow, with a new \$3 million facility. “The Valley Drive

Station is the weak link in the sewer system, creating imminent risk of raw sewage overflow into the San Francisco Bay. Its designed capacity is below the demands currently placed on it. An overflow of raw sewage into the Bay would create a serious pollution emergency throughout the Bay area, endangering the health and safety of Bay Area residents,” Tom Lantos argued in Congress.



Congressman Tom Lantos meets with film actress Angelina Jolie, star of “Original Sin” and “Tomb Raider” on her recent visit to Washington to discuss their shared concerns regarding the plight of international refugees. (Photo by Kay King)

Celebration At Mori Point



Congressman Tom Lantos (left of sign) and Brian O'Neill, Superintendent of the Golden Gate National Recreation Area (right of sign), unveil a sign identifying Mori Point in Pacifica as part of the GGNRA. The occasion marked the formal incorporation of Mori Point and other lands in the City of Pacifica in the GGNRA. Also present for the occasion were leaders of organizations which participated in the land transfer, in addition to the National Park Service, including the Trust for Public Land, the City of Pacifica, the Pacifica Land Trust, and the California Coastal Conservancy. Congressman Lantos introduced legislation to add some 900 acres of land to the GGNRA in and around Pacifica, and this was the formal completion of that action. Congressman Lantos has also introduced legislation which is currently pending before the Congress to add an additional 5,000 acres of undeveloped land along the San Mateo County Coast between Half Moon Bay and Pacifica to the GGNRA. (Photo by Mike Harding.)

Aragon Senior Accepts Nomination to West Point

Congressman Tom Lantos has appointed Derek Kenmotsu of Foster City to the United States Military Academy at West Point. He began his training shortly after his graduation from Aragon High School in June, and he will graduate in the Class of 2006. Derek was elected student body president by his fellow students at Aragon, and he serves on the San Mateo county Japanese American Citizens League Board. "Derek represents the best and brightest of American students and I am delighted that I can further his desire to defend and serve our country," said Congressman Lantos.

Applications are being accepted from young woman and young men seeking to be nominated to a service academy for the class of 2007. Applicants must be U.S. citizens, graduate from high school before July 2003, and must be between the ages of 17 and 22 when they enter one of the academies. Those accepted will begin their education in the summer of 2003.

Completed applications must be submitted by November 1, 2002. Applications will be evaluated in early December by a Bay Area panel of educators and former military officers from all branches of the armed forces. To request an application form,

please write to:
Congressman Tom Lantos
400 South El Camino Real, Suite 410
San Mateo, CA 94402
You can also receive an application and information by calling (650) 342-0300 in

San Mateo County or (415) 566-5257 in San Francisco. Additional information about the service academy selection process can be found on Congressman Lantos' Internet web site at http://www.house.gov/lantos/html_files/help_5.html.

Are You Registered to Vote? Will Your Voice be Heard?

Tuesday November 5 is a general election in California and throughout the nation. Californians will go to the polls to elect Members of Congress, our governor and other state-wide officers, members of the state Assembly and Senate, and other officials.

To vote on November 5, you must be a citizen of the United States and a resident of California, be 18 years of age or older on the day of the election. You must also be registered to vote 15 days before the election (by October 21, 2002).

If you wish to vote by absentee ballot, a written application must be on file with the county clerk / registrar of voters at least 7

days before the election. After that deadline, you may apply for and vote an absentee ballot at the office of the county clerk / registrar of voters either in person or through an authorized representative.

To register or to request an absentee ballot contact:

In San Mateo County – San Mateo County Clerk, Elections division at (650) 312-5222 or find information on the web at <http://www.shapethefuture.org/>

In San Francisco – City of San Francisco Elections Department at (415) 544-4398 or find information on the Web at <http://www.ci.sf.ca.us/election/>

TOM LANTOS
House of Representatives
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Official Business

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12th CONGRESSIONAL DISTRICT
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